



# Haoma Mining NL

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The Listing Manager  
Australian Stock Exchange Ltd  
530 Collins Street  
**MELBOURNE VIC 3000**

October 31, 2001

Dear Sir,

**REPORT FOR THE QUARTER ENDED SEPTEMBER 30, 2001 – HIGHLIGHTS**

- **Group Consolidated Result** – For the Quarter to September 30, 2001 the unaudited loss before tax was \$0.98 million (2000: profit of \$1.48 million) after interest of \$nil (2000: \$nil) and depreciation and amortisation of \$1.24 million (2000: \$1.07 million).  
At September 30, 2001, Haoma had no bank debt
- **Legal Action Against Carpentaria Gold Pty Ltd and MIM Holdings Ltd** - On October 2, 2001 Haoma filed a Statement of Claim against Carpentaria Gold and MIM Holdings Ltd. for various breaches of fiduciary and contractual responsibilities owed to Haoma in respect of the Nolans Joint Venture at Ravenswood, Queensland. The amount of damages sought has not been specified in the claim and will be subject to further investigation and assessment by Haoma as part of its case preparation.
- **Resignation of Nolan's Processing Plant Joint Venture Manager** – On September 5, 2001, Haoma was given notice of resignation by Carpentaria Gold Pty Ltd as Manager of The Nolan's Processing Plant. The Joint Venture participants are working to appoint a new manager in accordance with the terms of the Nolans Project Management Agreement.
- **Nolan's Mining Operation** – In June 2001, Haoma began mining the Nolan's lease in its own right. In the 3 months to September 30, 2001 Haoma produced 13,082 ounces of gold bullion and stock in circuit.
- **Haoma / DeBeers Australia Exploration Limited Joint Venture, Pilbara WA** – Fifteen areas were followed up during this quarter in the Nullagine, Coongan and Mt Edgar areas. The follow-up program consisted of photogeological interpretation, ground investigation, hammer prospecting and heavy mineral stream sampling. A total of one hundred and thirty five stream samples and twenty-four rock samples were collected.
- **Bamboo Creek, Pilbara WA** – It is expected that milling & processing of higher-grade bulk samples using the Elazac Process will commence from January 2002.
- **Normay Mine, Pilbara WA** – Approximately 175,000 tonnes of tailings are located at the Normay Mine site containing approximately 14,000 ounces of gold. A processing plant and vat leach pads have now been established at Normay for processing Normay tailings. Production of gold will commence from November 2001.

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### **1. GROUP CONSOLIDATED PROFIT TO SEPTEMBER 30, 2001**

<b>Haoma Mining NL Consolidated Profit &amp; Loss</b>	2000/01 1 <sup>st</sup> Quarter (\$m)	2000/01 Full Year (\$m)	2001/02 1 <sup>st</sup> Quarter (\$m)	<b>2001/02 YTD (\$m)</b>
Revenue	9.26	31.0	8.40	<b>8.40</b>
<b>Profit before Interest, Depreciation and Amortisation and Exploration and Development expenditure</b>	<b>4.10</b>	<b>10.35</b>	<b>0.77</b>	<b>0.77</b>
Interest	-	-	-	-
Depreciation & Amortisation	(1.07)	(4.79)	(1.24)	<b>(1.24)</b>
Exploration, Development & Evaluation	(1.55)	(4.0)	(0.51)	<b>(0.51)</b>
<b>Profit (Loss) before Tax</b>	<b>1.48</b>	<b>1.56</b>	<b>(0.98)</b>	<b>(0.98)</b>
Nolan's production – (oz)	15,992	51,965	13,082	<b>13,082</b>
Av. Cash cost (excl. capex - \$/oz)	272	309	478	<b>478</b>
Sustaining capital (\$/oz)	18	33	3	<b>3</b>
Av. Cash cost including sustaining capital (\$/oz)	290	342	481	<b>481</b>
Gold sold (oz)	16,877	54,134	11,513	<b>11,513</b>
Av. Selling price (\$/oz)	\$546	\$616	\$656	<b>\$656</b>

#### **1.1 Haoma's Group Consolidated Results**

Haoma's Consolidated Group Profit before interest, depreciation and amortisation and exploration, development and evaluation costs for the Quarter ended September 30, 2001 was \$0.77 million (2001 - \$4.10 million). The loss before tax was \$0.98 million (2001 - Profit \$1.48 million) after charging depreciation and amortisation of \$1.24 million (2001 - \$1.07 million) and group exploration, development and evaluation expenditure of \$0.51 million (2001 - \$1.55 million). There were no interest costs for the Quarter.

The result for the Quarter was affected by additional costs incurred by Haoma in establishing its own mining operations at the Nolan's open pit and the mining and processing of lower grade ore during the first period of access to the Nolan's Processing Plant. Haoma expects that during the current Quarter mining costs will be reduced and the implementation of a revised mining schedule will enable higher grade ore to be processed at the Nolan's Processing Plant.

In the 3 months to September 30, 2001 Haoma sold 11,513 ounces of Nolan's gold at a unit cost per ounce produced of \$481 (including \$3 per ounce sustaining capital). The 2000/2001 full year unit cost per gold ounce produced was \$342 (including \$33 per ounce sustaining capital).

Group Exploration, Development and Evaluation Expenditure for the 3 months to September 30, 2001 totalled \$509,000. Expenditures included \$151,000 in the Ravenswood area of Queensland and \$358,000 in the Pilbara region of Western Australia.

## 1.2 Legal Action Against Carpentaria Gold Pty Ltd and MIM Holdings Ltd

On October 2, 2001 Haoma filed a Statement of Claim against Carpentaria Gold and MIM Holdings Ltd. for various breaches of fiduciary and contractual responsibilities owed to Haoma in respect of the Nolans Joint Venture at Ravenswood, Queensland. The amount of damages sought has not been specified in the claim and will be subject to further investigation and assessment by Haoma as part of its case preparation.

The media statement released to the Australian Stock Exchange was as follows:

*“HAOMA MINING LAUNCHES LEGAL ACTION AGAINST MIM AND SUBSIDIARY Breach of a fiduciary duty to act honestly and in good faith, the withholding of important information from its Joint Venture partner, failing to process low grade ore when it was economic to do so, poor mining practices and unauthorised removal of sulphide ore were among claims made by Haoma Mining NL when it instituted legal proceedings against Carpentaria Gold Pty Ltd and MIM Holdings Limited in the Queensland Supreme Court today.*

*The action arises out of the mining Joint Venture at Ravenswood in Queensland between Haoma Mining and an MIM Holdings’ wholly owned subsidiary, Carpentaria Gold.*

*The mining Joint Venture ended last June. Another Joint Venture, which operates a processing plant, continues to process ore from Nolan’s Lease for Haoma, and for Carpentaria Gold from its adjoining Sarsfield Lease.*

*Carpentaria Gold has managed the processing Joint Venture but recently announced its resignation from this role. Tenders will be invited soon to manage this Joint Venture for the remainder of its life.*

*Haoma’s Statement of Claim is against Carpentaria Gold for alleged actions as Manager of the Joint Venture and as a joint venturer, and MIM as the company that controlled the actions of Carpentaria Gold.*

### **Haoma states in its Statement of Claim that it is seeking:**

- *Return by Carpentaria Gold of 50.1 per cent of more than two million tonnes of sulphide ore it claims were over-mined during the mining Joint Venture.*
- *Damages and equitable compensation for poor mining practices and mining other than in accordance with the pit design that had been approved by the Joint Venture. Haoma alleges the mine was left in poor condition at the end of the mining Joint Venture.*
- *Damages and equitable compensation for breach of fiduciary duty to act honestly and in good faith by Carpentaria Gold and MIM arising out of important information that was not disclosed to Haoma during negotiations to extend the Joint Venture in 1998/99.*
- *Damages and equitable compensation for work undertaken by Carpentaria Gold on its Sarsfield Lease that Haoma alleges used Joint Venture resources.*
- *Damages and equitable compensation for failure to process low grade and very low grade ore using beneficiation which has cost both the Joint Venture, and Haoma, millions of dollars in lost opportunity to process such ore.*

*Chairman of Haoma, Mr Gary Morgan, said today the company was pleased with its progress as sole miner at Nolan’s Lease, where it expected to mine at least 5.5 million tonnes @1.28g/t.*

*“During this current financial year we expect to produce about 55,000 ounces of gold, compared with our share of 51,965 ounces during the joint venture operation in 2000/01”, he added. Haoma earned a profit of \$1.56 million before tax in the financial year 2000/01.”*

### **1.3 Resignation of Nolan's Processing Plant Joint Venture Manager**

On September 5, 2001, Haoma was given notice of resignation by Carpentaria Gold Pty Ltd as Manager of the Nolan's Processing Plant. The Joint Venture participants are working to appoint a new manager in accordance with the terms of the Nolans Project Management Agreement.

### **1.4 Forward Gold Sale Contracts**

No gold production is currently sold forward. Haoma expects to be able to implement a forward sale program in respect of the future gold production from the remaining ore reserves in the Nolan's Pit after finalising its mining program.

## **2. MINING AT RAVENSWOOD, QLD**

### **Mining of the Haoma Mining NL Nolan's Lease, Qld. (ML 1394)**

The Nolan's gold mine is located at Ravenswood 90km south of Townsville and 60km east of Charters Towers in North Queensland.

The mining project was previously managed under a Joint Venture agreement by Carpentaria Gold Pty Ltd, a wholly owned subsidiary of MIM Holdings Limited.

During the Quarter Haoma engaged in the mining and processing of the remaining ore (5.5 million tonnes @ 1.28g/t) in the Nolan's open pit in its own right. Haoma commenced feeding its own ore to the Nolan's Processing Plant on July 16, 2001 in accordance with the batch processing arrangement being trialed between the processing participants. Carpentaria Gold has advised Haoma that the present designed processing capacity of the plant is 3 million tonnes per annum. Haoma's processing entitlement is approximately 1.5 million tonnes per annum. Haoma expects to fully utilise its entitlement.

During the current year (2001/2002) Haoma expects to produce approximately 55,000 ounces of gold from the Nolan's pit. This compares with Haoma's share of the Joint Venture production of 51,965 ounces in 2000/2001.

### **2.1 Nolan's Mine Gold Production - Summary for 3 Months to September 30, 2001**

<b>CIL Plant Nolan's ROM Milled</b>	<b>Nolans Joint Venture</b>		<b>Haoma Mining NL</b>	
	<b>1<sup>st</sup> Qtr 2000/01</b>	<b>Full Year 2000/01</b>	<b>1<sup>st</sup> Qtr 2001/02</b>	<b>YTD 2001/02</b>
Tonnes Mined	547,954	1,991,045	436,993	436,993
Tonnes Milled	667,303	2,450,691	390,607	390,607
ROM Av. Grade (g/t)	1.52	1.34	1.09	1.09
Av. Metallurgical Recovery (%)	93.0	93.0	95.6	95.6
Gold Prod'n (oz) 100%	30,239	98,194	13,082	13,082
49.9%	15,089	48,999	-	-
<b>Heap Leach (Milled from 97/98)</b>				
Tonnes trucked from pad	135,407	240,715	-	-
Tonnes Milled	80,419	253,599	-	-
HL Av. Grade (g/t)	0.75	0.78	-	-
Av. Metallurgical Recovery (%)	93.0	93.0	-	-
Gold Prod'n (oz) 100%	1,810	5,944	13,082	13,082
49.9%	903	2,966	-	-
Overall Av. Grade (g/t)	1.43	1.29	1.04	1.04
Gold Prod'n (oz) 100%	32,049	104,138	13,082	13,082
49.9%	15,992	51,965	-	-

## **2.2 Nolan's CIL Operation**

For the 3 months to September 30, 2001, Nolan's gold production was 13,082 ounces from milling 390,607 tonnes at an average grade of 1.09g/t and an average recovery of 95.6%.

## **2.3 Cost Per Gold Ounce Produced**

The cost per gold ounce produced for the 3 months to September 30, 2001 was \$481. The 2000/01 full year cost per gold ounce produced was \$342 (including \$33 per ounce sustaining capital). The 2001/2002 budgeted cost per ounce is \$350.

## **3.0 EXPLORATION ACTIVITIES IN QUEENSLAND**

### **3.1 Totley Heap Leach, Ravenswood. Old (MC 2205, MC 2206)**

In September 2000 an aircore-drilling program on the abandoned Totley Heap Leach identified a proven reserve of 250,300 tonnes at 0.96g/t gold and 11.7g/t silver. This material is being trucked to the Nolan's Mine to be used in the pit as ore sheeting, where it will augment mill feed.

### **3.2 Wellington Springs, Ravenswood. Old (ML 1415, ML 1483)**

At Wellington Springs there is a proven reserve of 19,900 tonnes at 0.98g/t gold and 21.0 g/t silver. Over the next twelve months, quantities of economic material will be trucked to the Nolan's Mine for use in a similar manner to the Totley material.

### **3.3 Eight Mile Creek, Ravenswood. Old (ML1325, ML 1522, ML 1652)**

Sampling of the abandoned mine dumps on the Eight Mile Creek leases has indicated a resource of around 12,000 tonnes at an economic grade. To date, approximately 6,900 tonnes of this material has been trucked to and milled through the Nolan's Processing Plant.

### **3.4 Elphinstone Creek, Ravenswood. Old (EPM 9154)**

The Elphinstone Creek tenement lies immediately to the west of the Nolans Gold mine. An aircore drilling program in December 2000 (364 holes for 3192m) identified several targets previously concealed by alluvium and scree. In February 2001, the targets were exposed by twenty-six costeans. Numerous positive results from this work were tested by RC drilling in April, 2001.

Further costeaning and drilling in June and July resulted in an application for a Mineral Development Licence (the precursor to a Mining Lease) over the area. It is anticipated that the tested mineralised structures will provide additional quantities of ore feed for the Nolan's Processing Plant.

Recent exploration work by consultant geologist Mr. Ross McMaster has revealed substantial auriferous paleoalluvial channels carrying low grade gold. These ancient river beds can be tested by simple gravity methods and can be cheaply mined in a similar manner. Mr McMaster expects to submit a resource resulting from this work before the end of the year.

### 3.5 Cleopatra, Ravenswood. Qld (EPM 9154)

The historic Cleopatra workings are located approximately 3 kilometres north west of the Nolans Pit and lie within the Elphinstone exploration permit (EPM 9154). The workings comprise a line of small surface pits extending for 90 metres along a low ridge. The pits were dug onto a quartz-sericite veined shear striking approximately 20 degrees with a 50 degree dip to the east. Only two reverse circulation holes had previously been drilled into this zone. Those holes returned near 'true width' intercepts of 4 metres @ 13.9g/t gold from 8 to 12 metres (hole CL3) and 8 metres @ 0.56 g/t gold from 12 to 20 metres (hole CL1).

Trenching and mapping at the beginning of October 2001 preceded a shallow RC drilling program (at depths of 10 to 20 metres) designed to test for open-pit potential. The results indicate the reef pinches and swells along strike within the 90 metre strike length. The results suggest that high grade material (5g/t gold) could be extracted from the reef to a shallow depth of less than 20 metres. Further infill drilling will be carried out to better define the high-grade lodes. Significant results of the RC drilling program during October 2001 are shown in Table 1.

**Table 1 – Cleopatra Drilling Results**

Hole ID	Collar		Azimuth	Dip	Depth (m)	From (m)	To (m)	Width (m)	Au g/t
	Northing	Easting							
ERC-01-32	7776425	486455	290°	-80°	28	14	16	2	0.86
ERC-01-33	7776425	486454	290°	-55°	32	22	23	1	0.76
						12	15	3	1.26
ERC-01-34	7776437	486461	290°	-72°	26	21	22	1	0.89
						12	17	5	5.38
ERC-01-35	7776437	486460	290°	-50°	28	20	22	2	2.05
						11	16	5	3.74
ERC-01-36	7776461	486469	290°	-72°	26	24	25	1	0.41
						16	17	1	0.11
ERC-01-37	7776461	486468	290°	-50°	28	20	22	2	0.15
						12	14	2	0.12
ERC-01-38	7776447	486468	290°	-80°	28	18	19	1	0.32
						22	25	3	0.45
ERC-01-39	7776448	486466	290°	-55°	26	1	2	1	5.45
						14	22	8	6.50
ERC-01-40	7776472	486475	290°	-80°	28	16	17	1	0.24
ERC-01-41	7776473	486473	290°	-55°	26	3	6	3	2.12
						18	19	1	2.60
ERC-01-42	7776485	486477	290°	-80°	32	8	9	1	0.54
						25	27	2	1.29
ERC-01-43	7776485	486476	290°	-55°	28	9	11	2	0.24
						18	21	3	0.20
ERC-01-44	7776497	486482	290°	-80°	26	10	13	3	0.23
ERC-01-45	7776497	486480	290°	-55°	22	10	11	1	0.46
ERC-01-46	7776510	486484	290°	-55°	22	4	5	1	0.79
ERC-01-47	7776510	486485	290°	-80°	16	No significant results			
ERC-01-48	7776459	486474	290°	-90°	50	21	26	5	1.16

\* Note: drilling is roughly perpendicular to the reef.

### **3.6 Old Man (ML 1326), Ravenswood. Qld**

During the next six months an extensive exploration program is planned for target areas north west of the Cleopatra exploration zone.

Haoma has engaged Mr. Allan Linke, Mining Engineer, to work with Haoma's exploration geologists, to mine a test parcel of ore from the Old Man lease. Work to date has exposed mineralised geological structures and limited mining will commence in the coming weeks.

## **4. EXPLORATION ACTIVITIES IN WESTERN AUSTRALIA**

### **4.1 Pilbara Joint Ventures with DeBeers Australia Exploration Limited**

(E45/1608, E45/2046, E45/2047, E45/2094, E45/2095, E45/2096, E45/2098, E45/2172, E45/2179, E45/2181, E45/2182, E45/2183, E45/2184, E45/2185, E45/2186, E45/2187, E45/2188, E45/2189, E45/2190, E45/2327, E46/473, E46/474, E46/475, E46/476, E46/477, E46/478, E46/488).

DeBeers Australia Exploration Ltd have provided the following advice in respect of the above tenements for the September 2001 Quarter activities:

*"Two of the seventeen (17) areas of anomalous chromite identified during the last quarter were downgraded, however the remaining fifteen (15) areas were followed up during this quarter in the Nullagine, Coongan and Mt Edgar areas. The follow-up programme consisted of photogeological interpretation, ground investigation, hammer prospecting and heavy mineral stream sampling. A total of one hundred and thirty five (135) stream samples and twenty-four (24) rock samples were collected.*

*In the Coongan area, three (3) areas of anomalous chromites were traversed, no kimberlitic rocks were identified in the field. However, a number of possible chromite bearing rocks were collected for heavy mineral analysis and petrological identification. The chromite bearing rock reported in the previous quarter has been identified as a "alkali basalt or possible leucitite".*

*No kimberlitic type rocks were identified in the field during the course of follow-up stream sampling in the Nullagine area. An additional thirty five (35) infill reconnaissance stream samples were also collected in the tenements north-northeast of Nullagine.*

*A 20km<sup>2</sup> detailed airborne magnetic survey was flown in the Mt Edgar area and 4 intrusive type signatures were selected and ground investigated. No kimberlitic type rocks were recovered and all of the magnetic anomalies were explained. Several remote sensing features were also ground investigated; however no rocks of interest were identified.*

*It is anticipated that the heavy mineral stream samples and rock samples will be treated and examined during the fourth quarter 2001."*

## 4.2 **Bamboo Creek Ore Processing**

It is expected that milling & processing of higher-grade bulk samples using the Elazac Process will commence from January 2002. Samples from the following areas have been crushed and stockpiled at the Bamboo Creek plant:

- North Shaw (L45/60, E45/1453, E45/1513)
- Copenhagen (M45/682, M45/240, P45/2391)
- Klondyke (M45/547, M45/671, P45/2316)
- Fieldings Gully (M45/521)
- Normay (M45/302, M45/1395)
- Mickey's Find (M45/328, M45/329, M45/665)
- Comet Mine (M45/478, M45/459, M45/438, M45/385, M45/14, M45/16)
- Just-in-time (M45/2427)
- Sterling (M45/357, M45/346, M45/238, GM45/36, E46/426, E46/427)

During the next 9 months bulk samples will be mined and trucked to the Bamboo Creek plant from Big Stubby (M45/284, M45/554, M45/453, M45/57) and the Spear Hill (M45/980, M45/981, M45/982) group of tenements and Copper Hills (M46/177).

## 4.3 **Normay Mine (M45/328, M45/329)**

Approximately 175,000 tonnes of tailings are located at the Normay Mine site containing approximately 14,000 ounces of gold. A processing plant and vat leach pads have now been established at Normay for processing Normay tailings. Production of gold will commence from November 2001. There are other accessible resources in the immediate vicinity of the Normay, such as the remnants of the Normay Mine vein system, Mickey's Find and Lalla Rookh which will be used to augment the vat leach ore.

## 4.4 **North Shaw Mine (L45/60)**

At North Shaw, there are approximately 4,000 tonnes of ore (at an average grade of approximately 5 g/t) mined by previous operators stockpiled on the surface. During the next 12 months this material will be profitably treated by the vat leach method. There are also substantial proven reserves available for mining from the bottom of the two shallow North Shore open pits. The previous operator was forced to abandon the area when the earthmoving and milling contractor became insolvent.

Available to Haoma is a substantial exploration database and several prospects in varying stages of development. Haoma's consultants are confident that a minimal amount of exploration will reveal economic mineralisation on the structures within the North Shaw leases.



**Gary C Morgan**  
CHAIRMAN